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February 3, 1997

BY HAND-DELIVERY

William F. Caton, Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: Ex Parte Communications in IB Docket No. 95-59 and
CS Docket Nos. 96-8 and 95-184

Dear Mr. Secretary:

Lawrence R. Sidman, representing Philips Electronics North America Corporation and Thomson Consumer Electronics, Inc.; Thomas Patton, Philips Electronics North America Corporation; and Bruce Allan, Thomson Consumer Electronics, Inc., met with Marsha MacBride, Legal Advisor to Commissioner Quello on March 6, 1997, to discuss the interrelationship between the inside wiring issues raised in CS Docket No. 95-184 and the application of Section 207 of the Telecommunications Act of 1996 to rental units and condominiums. Mr. Sidman and Mr. Allan met with Anita Wallgren, Legal Advisor to Commissioner Ness on March 7, 1997, to discuss the same topic.

In accordance with Section 1.1206 of the Commission's Rules, an original and one copy of this letter and the written ex parte presentation submitted on behalf of Philips Electronics, N.A. Corporation and Thomson Consumer Electronics, Inc. to Ms. MacBride and Ms. Wallgren are being filed with your office.

Any questions concerning this matter should be directed to the undersigned.

Respectfully submitted,

Lawrence R. Sidman

Lawrence R. Sidman

Enclosures
cc: Marsha MacBride
Anita Wallgren

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Inside Wiring Talking Points

- I. The Cable Demarcation Point Must be Changed to Facilitate Competition in the MVPD Marketplace and to be Consistent with §207 of the Telecommunications Act of 1996.
 - A. §207 prohibits restrictions impairing the ability of "viewers" to receive DBS and MMDS services, as well as over-the-air reception of television broadcast signals.
 - 1. §207 applies to all "viewers," including those residing in multiple dwelling units ("MDUs").
 - 2. Viewer access to DBS obviously means not only the ability to have a dish or another device installed but also requires a mechanism to transport the signal from the dish to the individual dwelling unit in an MDU if apartment and condominium dwellers are to realize the full benefits of Section 207.
 - B. In this NPRM, the FCC recognizes the current cable demarcation point in MDUs may impede competition in the MVPD market.
 - 1. The Third Annual Report on Competition in the Market for the Delivery of Video Programming concludes that cable remains the dominant MVPD, accounting for eighty-nine percent of all MVPD subscribers.
 - 2. It is hard to envision a meaningfully more competitive MVPD market if we continue to deny one-third of potential subscribers the means to access alternative services. Approximately 35 million American families live in rented housing while 1.4 million Americans own and live in condominiums or cooperatives. Combined, these groups represent more than thirty-eight percent of all American households.
 - 3. Adopting inside wiring rules that facilitate DBS providers' access to MDUs will enhance competition and help ensure that the letter and the spirit of §207 are realized.

- C. The current cable demarcation point for MDUs is the most anticompetitive and intrusive option.
 - 1. Forces new competitors to duplicate and overbuild the entire inside wiring to reach individual subscribers within an MDU which is needlessly expensive for potential competitors and consumers.
 - 2. Needlessly intrusive from the landlord's perspective.
 - 3. There is the distinct possibility that the current demarcation point will be inside a wall and not easily accessible. This is a major deterrent to the development of competition from alternative video providers.

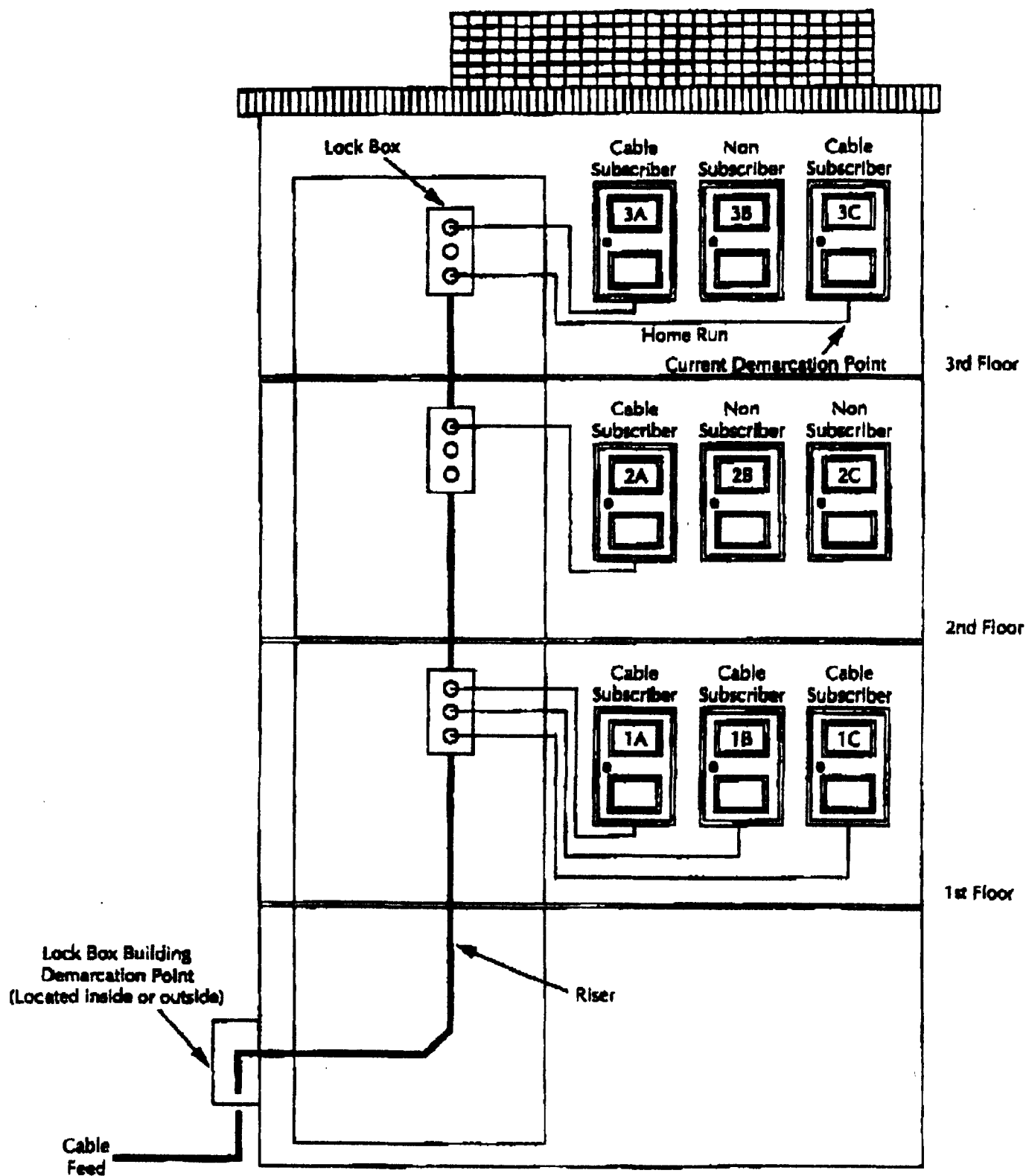
II. Three Overarching Principles to Keep in Mind in Determining an Alternative to the Current Demarcation Point in MDUs.

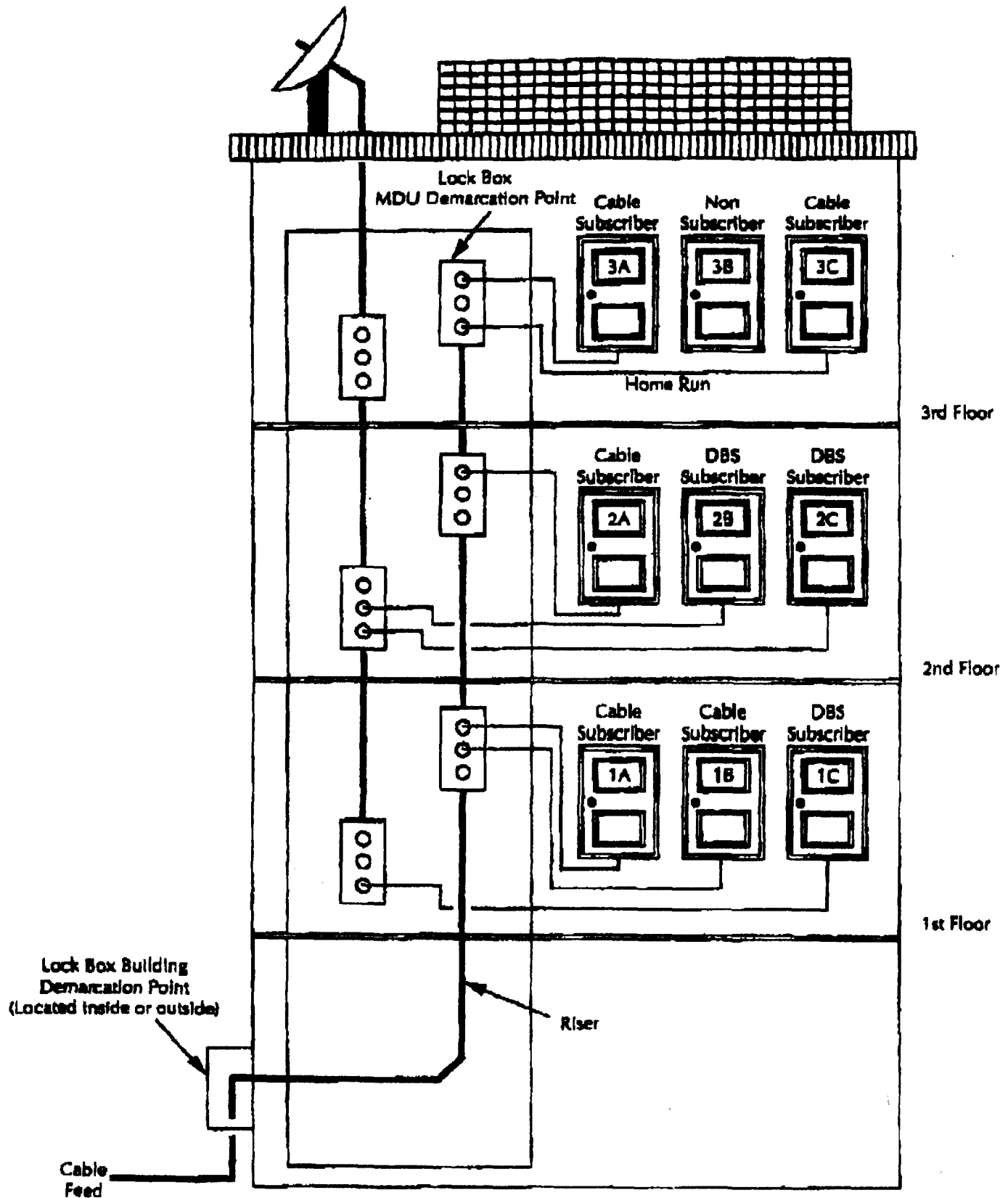
- A. The rules must facilitate and effectuate a viewer's ability to choose among competing multichannel video programming service providers.
- B. To the extent practicable, viewer choice should be accommodated with minimal physical intrusion on the premises.
- C. There must be efficient use of all available bandwidth. Since DBS uses different frequencies than cable, there is the ability to share the same cable conduit.

III. Reasonable Alternatives to the Current Cable Demarcation Point.

- A. Moving the MDU cable demarcation point to the lockbox just outside the building is the most procompetitive and least intrusive option. (See graph 4).
 - 1. Technically simple for competitors because it provides ease of connection to the entire MDU cable plant.
 - 2. Least intrusive to the landlord because it minimizes installation of wiring and electrical devices within the building.

3. Most elegant and lowest cost solution for subscribers who would have ability to receive multiple services.
- B. Move the MDU demarcation point to the lockbox where the homerun wire originates. (See graphs 2,3).
1. This is a compromise between the current anticompetitive demarcation point and the most progressive option of a lockbox at the point of entry to the MDU.
 2. Enables competitive providers to utilize the homerun wires, reducing costs of providing alternative services.
 3. Allays some landlord concerns by avoiding need to "overbuild" the homerun.
- IV. Incumbent Cable Operators' Argument that Changing Demarcation Point Prevents Them From Providing Internet or Other Telecommunications Services is No Reason to Maintain the Current Cable Demarcation Point.
- A. It is speculative whether or not cable operators will be offering "new" services in the near future and should not be the reason competition in the video services marketplace is denied today.
- B. The offering of new services by cable operators should not be contingent upon retention of inside wiring rules that enshrines cable's monopoly status as an MVPD provider in MDUs.

**Single Incumbent Service**

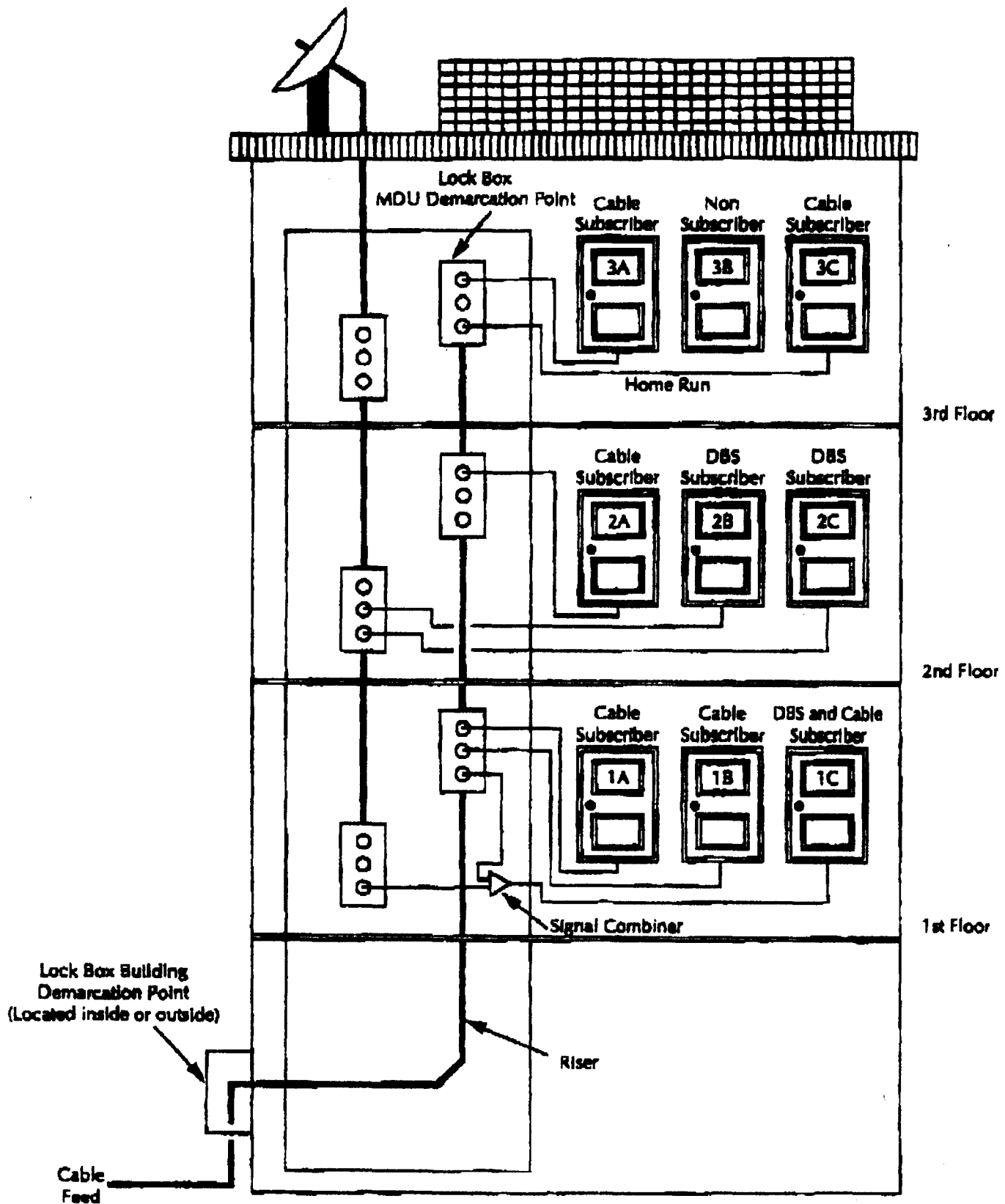


Incumbent or Alternate Service

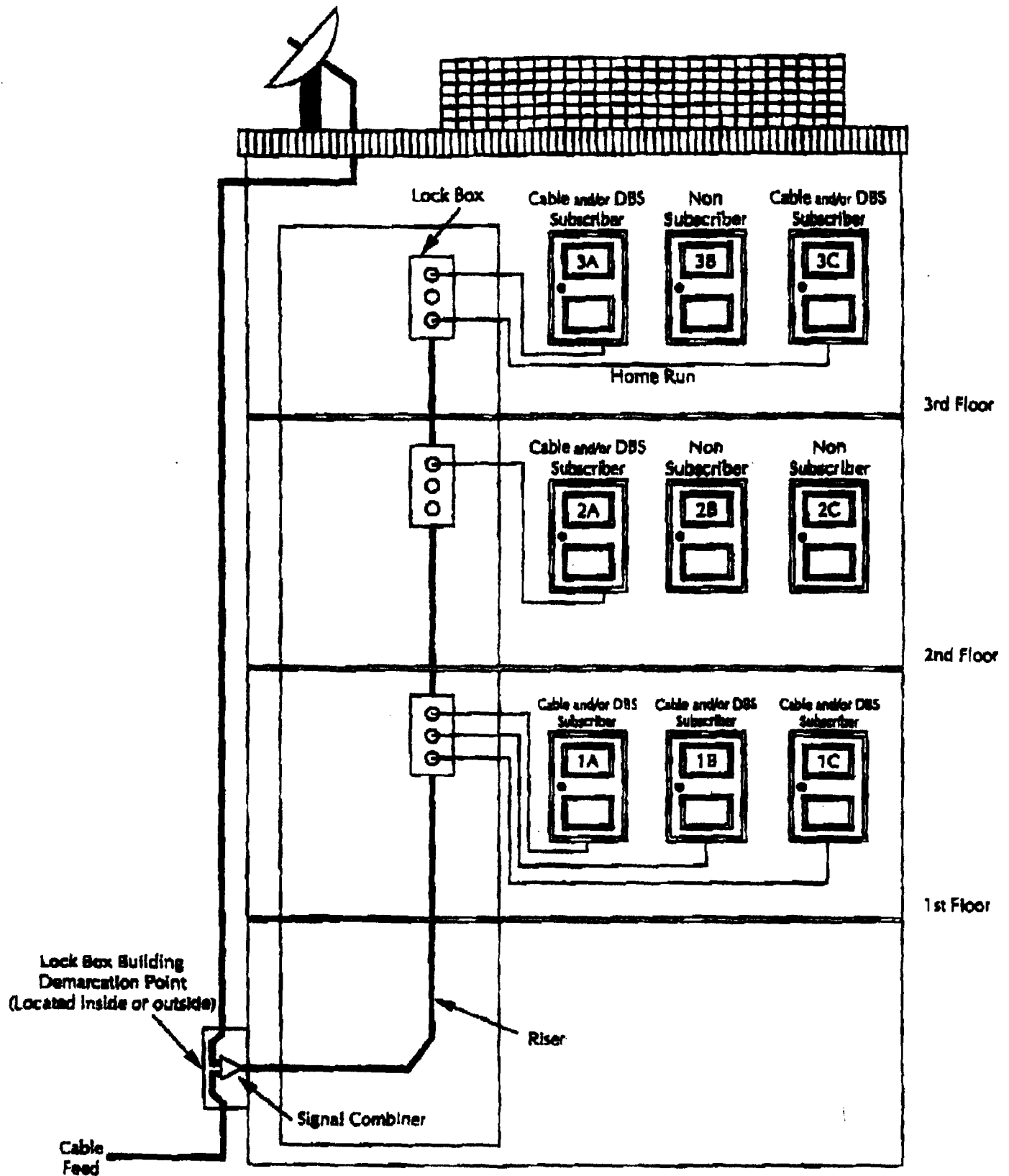
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Incumbent and/or Alternate Service



**Incumbent and/or Alternate Service
(Preferred Installation)**